CALL TO END CARBON TAX ON DIESEL & FOCUS ON GREEN STRATEGIES THAT MAKE SENSE

The Canadian Trucking Alliance is a vocal supporter of policies which reduce the effects of climate change from all sectors. The trucking industry and its equipment/engine suppliers are investing billions of dollars in various alternative technologies designed to replace the modern diesel engine and reduce our reliance on diesel fuel, which would cut our sector's carbon footprint. These are investments that benefit both our industry and society.

However, despite the best efforts of our sector and equipment suppliers to advance decarbonization efforts, diesel remains the primary available fuel used to power long-haul trucks. This is not necessarily by choice, but instead reflects the extensive operational and technological limitations of alternate power, zero-carbon options for heavy vehicles in our sector. Until emerging technologies significantly improve in quality and reliability; are supported with a proper supply chain and service infrastructure, and are readily available to equipment buyers, it will still take time for these technologies to be deployed at a scale which will achieve our commitment to decarbonization within the supply chain.

The federal carbon tax, meanwhile, is intended to encourage truck operators to switch to these less carbon-intensive alternatives, which don't exist in the long-haul sector for the foreseeable future. Therefore, the carbon tax misses its intended purpose as it cannot alter fuel purchasing decisions in our sector and doesn't provide any benefit to the environment. Instead, carbon pricing will only continue to increase the cost of transportation services and, therefore, all goods that are moved by truck, including food, clothing, household goods and all other products that are critical to the well-being of Canadians.

The Government of Canada – which has already recognized these technological/operational challenges will take time to address and currently impede the industry's ability to meet zero-emission targets and must be overcome prior to implementing climate change policies – must now also acknowledge that carbon pricing cannot significantly change engine purchasing behaviour in long-haul trucking, the backbone of the Canadian domestic and international supply chain.

For individual trucking companies, the impact of the carbon tax is being felt more acutely. Fleets and operators of all sizes who specifically rely on the spot market for businesses are significantly impacted as they are completely forced to absorb the carbon tax directly as an expense – which, for some carriers, may over time be the difference between staying in business or not.

The numbers below say it all:

In 2024, the carbon tax will add just under $2 billion to annual trucking costs in Canada. By 2030, the carbon tax will add more than $4 billion to total annual interprovincial trucking costs. It will increase the cost of operating a truck in Canada by close to 15%. Over the 12-year tax phase in, the tax will have cost the trucking industry more than $26 billion. Due to razor thin margins in the trucking industry, these added costs cannot be absorbed and must be passed on to customers. As virtually every good purchased by Canadian families and businesses involves truck transportation, this means those families and businesses are paying increasingly higher prices for those goods to pay for this ineffective tax.

The Canadian Trucking Alliance (CTA) wants to work on a plan to reduce our sector's carbon footprint, but the carbon tax has no place in a fair and realistic strategy to reduce emissions while ensuring the health and viability of our sector. It's time to end the carbon tax on diesel fuel for the good of all consumers and businesses needlessly paying more in increasingly difficult economic times.

Canadian Trucking Alliance
Alliance Canadienne du Camionnage